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Illinois
Environmental
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Bureau of Water
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# PUBLIC WATER SUPPLY LOAN PROGRAM (PWSLP)

## BACKGROUND

The federal Safe Drinking Water Act Reauthorization was signed into law in early August 1996. Section 130 of this legislation authorizes federal grants to states for establishment of loan programs, with the condition that each state provide a 20 percent match to each federal dollar appropriated for the program.

## PROGRAM FUNDING

Funding from 1997 through 2003 is authorized at $1 billion annually, which translates to approximately $30 million to $40 million annually for Illinois.

## ELIGIBILITY

Local government units (city, village, water district) with the following types of projects are eligible to receive a drinking water loan : (1) upgrade or replacement of existing facilities to bring them into compliance with the requirements of the Safe Drinking Water Act and the State Environmental Protection Act; (2) construction of a new distribution and/or treatment system to replace individual wells; and (3) renovation of treatment and/or distribution facilities that have reached the end of their useful life, or have inadequate capacity to meet service area needs. Under the loan priority scoring system, projects necessary for compliance with the Safe Drinking Water Act and/or the Environmental Protection Act will receive the highest priorities for funding. Federal program requirements specifically prohibit funding for construction or rehabilitation of reservoirs and for projects primarily for future growth or fire protection.

## TERMS OF LOAN

All drinking water loans will carry a loan rate that is established at half the bond market interest rate. The current simple interest rate for loans which are issued through June 30, 2001 is 2.905%. The maximum term of a PWSLP loan will be 20 years, with funding for a project in any one fiscal year limited to $10 million or 25percent of available funds, whichever is less.

## LOAN APPLICATION REQUIREMENTS

Loan applicants for financial assistance, during any federal fiscal year commencing October 1, must file a new pre-application annually on or before the preceding March 31. Once the Illinois EPA has determined priorities for awarding loan funding assistance to projects, a loan applicant must complete a loan application before the Agency can offer a loan. Some of the key elements of a loan application that must be submitted by the applicant and approved by the Illinois EPA include: (1) project plan; (2) design plans and specifications; (3) an OM&R revenue system and water use ordinance, and a dedicated source of revenue for repayment of the loan; and (4) a summary of the bids received on the project, along with a recommendation to award a contract to the low responsive, responsible bidder. Additional application requirements can be determined by contacting the Illinois EPA as indicated below.

## CONTACT

For further information on the PWSLP, please contact the Infrastructure Financial Assistance Section, Bureau of Water at 217/782-2027.

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